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SUBJECT: LEBANESE PRESS JUMPS ON STORY OF POSSIBLE HIZBALLAH MONEY
WOES

¶1. Summary: Since August 31, several Lebanese newspapers have been reporting on Salah Ezzeddine declaring bankruptcy. Business tycoon Ezzeddine was perceived as a trustworthy businessman because of his Hizballah connections. His bankruptcy caused severe financial damage to Shi'a investors from South Lebanon, the Bekaa, and Beirut's southern suburbs. The papers have reported that this issue is being monitored closely by the Shi'a community, particularly by Hizballah Secretary General Hassan Nasrallah, because of the impact on Shi'a investors and on Hizballah's credibility. End summary.

¶2. Arab nationalist As-Safir newspaper reported August 31 that Lebanese businessman and Hizballah publishing executive Hajj Salah Ezzeddine declared bankruptcy amounting to an estimated \$1.195 billion. The news was disastrous for many Lebanese - mostly Shi'a -- investors. Ezzeddine's case has been transferred to the judiciary which will decide whether the bankruptcy is technical or fraudulent.

¶3. The Middle East News Agency (MENA) reported on September 1 that Ezzeddine owned the Dar Al-Hadi Publishing House, named in honor of Hizballah Secretary General Hassan Nasrallah's son, Hadi. The firm played a critical role in Hizballah's media campaigns and has, as MENA noted, "functioned as the organization's primary publishing source, printing anti-Israeli and 'resistance books' that include publications by Hizballah's deputy Secretary General Sheikh Na'im Qassem."

¶4. Also on September 1, As-Safir carried an article entitled, "Many people were affected by the bankruptcy of the man known for his good deeds." It noted that thousands of investors were stunned following the news of the bankruptcy; some were even admitted to hospitals. According to the article, investors expected and had been promised high returns, although many lack receipts to prove their investments. As-Safir reported that parliamentary Speaker Nabih Berri, Hizballah SecGen Nasrallah and Shi'a religious authority Allamah Mohammad Hussein Fadlallah were following the issue. As-Safir also said that those who lost money were worried because of rumors that Ezzeddine did not possess enough real estate or cash cover his company's loss. Pan-Arab Al-Hayat newspaper reported September 2 that Ezzeddine had only \$30 million worth of real estate and cash on hand.

¶5. Ezzeddine was the Dar Al-Hadi CEO and invested in the Al-Hadi children's television station. He also ran companies involved in iron, oil, jewelry, mines, and recycling of abandoned ships, and he organized trips for the hajj. The apparent high confidence in Ezzeddine's credibility stemmed from his closeness to Hizballah and his zeal for offering assistance wherever needed.

¶6. Khitat.com, a website that deals with Shi'a affairs from an anti-Hizballah point of view, posted a report doubting the legitimacy of the bankruptcy. It emphasized that Ezzeddine's businesses were intertwined with Hizballah's, and said that it was impossible for him to have been deceitful or have taken risks with money because he would have been risking Hizballah's money and credibility. The article questioned the veracity of the bankruptcy claim because the "man was not managing the money of Lebanese

investors only, but was also managing Hizballah's money." Khitat concluded, "Ezzeddine's great fall, and the expected fall of other important Hizballah figures, cannot be characterized as mere bankruptcy. It should be placed within the framework of open war between Hizballah and a number of international monetary inspection organizations . . . In this sense, Ezzeddine's fall can be seen more as a security violation than a businessman who acted rashly. Perhaps this is the reason why one of the Shi'a ministers described this event as similar in its financial results to the 2006 July war."

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